

Memorandum

Date: June 6, 2000
Telephone: (916) 653-1245
File: 00-AFC-2

To: Commissioner Michal C. Moore, Ph.D., Presiding Member
Commissioner Robert Pernel, Associate Member

From: **California Energy Commission** - James W. Reede, Jr.
1516 Ninth Street Siting Project Manager
Sacramento, CA 95814-5512

Subject: **MOUNTAINVIEW POWER PLANT PROJECT ISSUES IDENTIFICATION
REPORT**

Attached is the staff's Issue Identification Report for the Mountainview Power Plant Project proposal (00-AFC-2). This report serves as a preliminary scoping document that identifies the issues that the Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the issues report at the Siting Committee's scheduled Informational Hearing on June 13, 2000, at the San Bernardino City Library, Central Branch, located at 555 West 6th Street in San Bernardino, California.

cc: Docket (00-AFC-2)
Proof of Service List

Attachment

JWR:jr Mountainview Issues Report

MOUNTAINVIEW POWER PLANT PROJECT

(00-AFC-2)

June 6, 2000

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting and Environmental Protection Division

**ISSUE IDENTIFICATION REPORT
MOUNTAINVIEW POWER PLANT PROJECT
(00-AFC-2)**

Table of Contents

PURPOSE.....	2
PROJECT DESCRIPTION.....	2
POTENTIAL MAJOR ISSUES	2
AIR QUALITY.....	4
WATER RESOURCES.....	5
SCHEDULE.....	7

ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

PURPOSE

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of our discussions with federal, state, and local agencies, and our review of the Mountainview Power Plant Project Application for Certification (AFC), Docket Number 00-AFC-2. The Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On February 1, 2000, Mountainview Power Company, Limited Liability Company (the applicant) filed an Application for Certification (AFC) for the Mountainview Power Plant Project (MVPP).

The Mountainview Power Plant Project will be a nominal 1056-megawatt (MW), natural gas-fired combined cycle power plant. The applicant intends to locate the project on a 16.3-acre existing 66MW power plant site at the northeast corner of San Bernardino Avenue and Mountain View Avenue in Section 18, Township 1 South, Range 3 West, in an unincorporated section of San Bernardino County.

The power plant site is currently in the process of being annexed by the City of Redlands. Negotiations are currently underway to purchase from Southern California Edison (SCE) an additional 38 acres immediately west, northwest and north of the project site.

The main power facilities for the project will occupy about 16.3 acres and contain the power island, administrative buildings, chemical storage areas, cooling towers and other support facilities. Natural gas will be supplied to the project via a new pipeline that will be approximately 17 miles long.

Potential water supply sources for the plant will be onsite groundwater derived from two existing wells located on the property site, the offsite Gage Canal wells, and/or, secondary effluent from the City of Redlands Waste Water Treatment Plant (WWTP), depending upon achieving satisfactory resolution of quality and treatment costs. If the secondary effluent is used, Mountainview Power Company proposes to install approximately 2.3 miles of new reclaimed water supply pipeline.

New connections to the existing adjacent SCE-owned 230 kilovolt (kV) switchyard will be added as part of the proposed project. No new transmission lines will be built.

The project is estimated to have a capital cost of approximately \$550 million. The applicant plans to complete construction and start operation of the combined-cycle unit in 2003. During construction, up to approximately 568 construction jobs will be created over the 19-month construction schedule. A permanent professional workforce of approximately 33 people will operate the plant.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the significant issues that may arise during the case. Discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on our judgement of whether any of the following circumstances will occur:

- Potential significant impacts which may be difficult to mitigate;
- Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
- Areas of conflict or potential conflict between the parties; or
- Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes those areas where critical or significant issues have been identified. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area.

For example, disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, we do not currently believe such an issue will have an impact on the case schedule or that resolution will be difficult to achieve.

Major Issue	Subject Area	Major Issue	Subject Area
Yes	Air Quality	No	Paleontological Resources
No	Biological Resources	No	Public Health
No	Cultural Resources	No	Socioeconomics
No	Efficiency and Reliability	No	Soils
No	Electromagnetic Fields & Health Effects	No	Traffic and Transportation
No	Facility Design	No	Transmission Line Safety
No	Geology	No	Transmission System Engineering
No	Hazardous Materials	No	Visual Resources
No	Industrial Safety and Fire Protection	No	Waste
Yes	Land Use	Yes	Water Resources
No	Project Overview	No	Alternatives
No	Noise		

This report does not limit the scope of staff's analysis throughout this proceeding, but acts to aid in the analysis of potentially significant issues that the MVPP proposal poses. The following discussion summarizes each potential issue, identifies the parties needed to resolve the issue, and where applicable, suggests a process for achieving resolution. At this time, staff does not see either of these potential issues as non-resolvable.

AIR QUALITY

Staff sees two major air quality issues that could affect the Mountainview Power Plant Project schedule. First is the complete securing and appropriate verification and analysis of all necessary Emissions Reduction Credits (ERCs). Second is the determination of the Best Available Control Technology (BACT) for the project. Both issues could result in significant project delays if not addressed immediately. It is especially critical to the resolution of these issues that the Applicant provide staff with sufficient detailed information to complete an analysis.

Emission Reduction Credits

The Applicant has proposed a number of innovative approaches to secure ERCs for the project. However, due to the highly competitive nature of the ERC market, this information has been submitted confidentially. Since these sources and approaches are confidential, it will be difficult for staff to independently research and verify these potential ERCs. In order for the South Coast Air Quality Management District (SCAQMD) to complete its analysis to issue a Preliminary Determination of Compliance (PDOC), the Applicant needs to expedite the exploration of these confidential ERC sources and provide staff with more extensive information (either confidential or non-confidential), as it becomes available.

A portion of the necessary ERCs for the Mountainview Power Plant remains inadequately identified. It is staff's experience that this issue can be a significant cause of delay. In order to minimize the potential impact of this issue, the Applicant needs to expedite the identification and acquisition of suitable ERCs.

Best Available Control Technology for the Combustion Turbines

The Applicant provided in their Application for Certification (AFC) a Best Available Control Technology (BACT) analysis. However, that analysis provides only an evaluation of regulatory documents and selective catalytic reduction (SCR) technology. Based on comments on similar electrical generation projects, the U.S. Environmental Protection Agency (EPA) will likely require that the Applicant prepare a detailed economic feasibility study in addition to the regulatory evaluation provided, and consider alternative technologies such as SCONOX. In addition, no discussion of the ammonia slip levels from the proposed NOx control technologies was provided. Staff will be working with the Air District, Applicant and the EPA during the Discovery and Analysis Processes to resolve these issues.

LAND USE

The Applicant has proposed to construct the plant at a site currently under the jurisdiction of the County of San Bernardino. The site is currently planned to be annexed by the City of Redlands. The LORS of the County do not allow the proposed stack height absent a variance. The City of Redlands is attempting to annex the site and its LORS allow such heights. While city planning estimates that the process will be completed in late September, the timing and potential for delay of the annexation may delay the completion of staff's Land Use analysis.

WATER RESOURCES

As proposed, the Mountainview Power Plant will require up to 7,500 acre-feet of water per year. Approximately 96 percent of this water will be used for cooling purposes (AFC, p.6.14-23). The applicant has proposed to use high quality groundwater to supply the water needs of the power plant. As an alternative, the applicant is considering the use of recycled water for a portion of the cooling tower make-up.

Staff believes that this is a potentially significant issue and will be evaluating potential impacts associated with pumping this volume of groundwater. These potential impacts include interference with neighboring wells, subsidence, and inducing the movement of contaminated groundwater from the Grafton-Redlands & Norton trichloroethene plumes and the perchlorate plume into non-contaminated portions of the aquifer. Given the possibility that these potential impacts could be significant, the Applicant needs to evaluate alternative cooling technologies, such as dry or wet/dry cooling, and alternative sources of cooling water. In addition, staff will be evaluating opportunities for water conservation to reduce project water demand and discharge. Staff will be working with the local Water Districts, Applicant and other water regulatory agencies to address these issues.

SCHEDULING

Timely provision of the ERCs is critical to the schedule of this project. These must be provided by August 12, 2000, to allow the SCAQMD to prepare their PDOC on time. Resolution of the water issues may also impact the schedule.

The Energy Commission is currently reviewing 13 Applications for Certification for power plant projects, an SPPE and expects to receive another AFC in the next two months. Staff is experiencing a significant staffing workload problem and has recently hired a consultant team to help with the peak workload. In light of the issues and the workload staff believes that it will be challenging to meet a 12-month schedule. Staff's proposed 12-month schedule is attached.

SCHEDULE

MOUNTAINVIEW POWER PLANT PROJECT (00-AFC-2)

DATE	EVENT
2/01/00	Mountainview Power Plant Project AFC Filed
5/17/00	Energy Commission Deems AFC Complete
6/07/00	Staff Files Issue Identification Report
6/13/00	Information Hearing, Issue Scoping and Site Visit
6/22/00	Staff Files Data Requests
6/29/00	Data Request Workshop
7/31/00	Data Responses Due from Applicant
8/12/00	All ERC documentation due to SCAQMD
8/29/00	Cal ISO files recommendations regarding Transmission Line Interconnection Study
9/19/00	SCAQMD Files Preliminary Determination of Compliance
11/6/00	Staff Files Preliminary Staff Assessment (PSA)
11/20/00	SCAQMD Files Final Determination of Compliance (DOC)
12/19/00	Staff Files Final Staff Assessment (FSA)
1/03/01	Start Hearings
1/17/01	Conclude Hearings
3/17/01	Committee issues Presiding Member's Proposed Decision (PMPD)
4/17/01	Committee Conference on (PMPD)
5/17/01	Adopt Decision on PMPD
5/29/01	Executive Director Files Notice of Decision